

MEMORANDUM

TO: Commissioners McCarty, Hadley, Landis, Ripley and Ziegner

FROM: Jerry L. Webb, Director of Gas/Water/Sewer Division

DATE: April 1, 2004

RE: Utility Articles for Next Conference

The following Final Articles A, N and Preliminary Articles A are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after April 7, 2004.

"A" Final

The following miscellaneous items will be eligible for final consideration at the next Commission Conference and based on a review of them by staff members of the Commission, I recommend approval.

1. Indiana Michigan Power Company, d/b/a American Electric Power

The Utility has submitted for Commission review a request for approval to restore the fiscal Year 4 net merger savings reduction rider factors following the third quarter reconciliation pursuant to the Commission's April 26, 1999 Order in Cause No. 41210 relating to the merger of American Electric Power Company, Inc. and Central and South West Corporation (Order). The fiscal Year 4 required rate reductions were temporarily adjusted for the February through April 2004 billing months for the reconciliation of fiscal Year 3.

The Settlement Agreement in Cause No. 41210 specified that the annual bill reduction amounts would be allocated to rate classes based upon total revenues, excluding fuel cost adjustment, and credited to customers' bills through the application of a per kilowatt-hour (kWh) factor specific to each rate class. The Agreement also stated that each individual year's bill reduction would apply for a twelve-month period except for an adjustment during each third quarter to reconcile actual kWh sales and projected kWh sales for the prior year.

As also described in AEP's testimony in Cause No. 41210, prior to the beginning of each fiscal year following consummation of the merger, AEP will make a 30-day filing to establish the net merger savings reduction rider factors to effect that fiscal year's customer bill reduction. Prior to the third quarter of each fiscal year (except the first fiscal year), a 30-day filing will be made to establish the adjustment to the riders, to reconcile actual kWh sales and projected kWh sales for the prior fiscal year. The adjusted rider factors will be in effect for the seventh through the ninth billing months of each fiscal year (except the first fiscal year) after which the factors will return to the unadjusted levels. The Company will also make a separate 30-day filing prior to the conclusion of the third quarter reconciliation period, that returns factors to the current fiscal year unadjusted levels following the reconciliation period. This process will be repeated annually through the reconciliation of the eighth fiscal year. The last reconciled reduction will continue to apply in years following the end of the eighth fiscal year until AEP's Indiana base rates are changed.

Attachment B to the Utility's filing provided the calculations of the proposed AEP/CSW net merger savings reduction rider factors.

The tariff sheets affected by this filing for the remaining billing months of fiscal Year 4 are:

Eleventh Revised Sheet No. 19
Eleventh Revised Sheet No. 19.1
Tenth Revised Sheet No. 21
Eleventh Revised Sheet No. 22
Eleventh Revised Sheet No. 23
Eleventh Revised Sheet No. 23.1
Fifth Revised Sheet No. 31.

2. Indiana Natural Gas Corporation

The Utility is proposing to add an automatic bill payment charge of \$0.15 per automatic transaction. This will allow the customer to pay his/her gas bill by having the amount automatically deducted from the customer's bank account. The charge will be added to the customer's bill to cover the transaction fee charged to the Utility by the Utility's bank.

Cost support has been provided.

The tariff page affected by this filing is sheet no. 8.

Sheet no. 2 (Table of Contents) and sheet no. 9 are also changed solely for renumbering purposes.

"N" Final

Revisions to the Fuel Cost Adjustment factor and the Non-Fuel Cost Adjustment factor for the Wabash Valley Power Association member systems have been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in Commission Order Nos. 35687 and 41283 have been met and I recommend approval.

<u>Item</u>	<u>Utility</u>	<u>Fuel Factor (\$/kWh)</u>	<u>Change (\$/kWh)</u>	<u>Non-Fuel Factor (\$/kWh)</u>	<u>Change (\$/kWh)</u>	<u>Filing Number</u>
1.	Marshall County	0.007326	(0.002457)	(0.000791)	(0.001365)	68 04 02
2.	Northeastern	0.007046	(0.002302)	(0.000760)	(0.001309)	88 04 02

Please indicate your consideration and action of all the preceding items on the appropriate lines provided below.

Jerry L. Webb
Director of Gas/Water/Sewer Division

I approve of all items as presented above:

I approve of all items as presented above except:

Not participating in the following items:

I, _____, Disapprove Items

No.

I, _____, Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

Nancy E. Manley, Executive Secretary

“A” Preliminary

The following new miscellaneous items have been reviewed by staff members of the Commission and we recommend accepting them for filing.

1. Chimneywood Sewage Works, Inc.

Chimneywood Sewage Works, Inc. is operating under the assumed name of Aqua Indiana, Inc. effective January 16, 2004 and requests to modify its tariff to reflect this name change as well as add a late payment fee.

In support of its filing, the Utility has submitted a Certificate of Assumed Business Name that was filed with the Indiana Secretary of State's office and the Clark County Recorder's office. The Utility states it will notify its customers with billing inserts and that this name change will in no way affect the service provided to its customers.

The Utility's proposed language in its rate schedule for a late payment penalty fee is consistent with 170 IAC 8.5-2-1 but allows for 21 days after mailing before a bill is considered delinquent, in lieu of 17 days:

A sewage disposal bill shall be rendered as a net bill. If the net bill is not paid within twenty-one (21) days after the bill is mailed, it shall become a delinquent bill and a late payment charge may be added in the amount of ten percent (10%) of the first three dollars (\$3.00) and three percent (3%) of the excess of three dollars (\$3.00).

The tariff sheet affected by this filing is Page 1 of 1.

2. Consumers Indiana Water Company (Sewer)

Consumers Indiana Water Company is operating under the assumed name of Aqua Indiana, Inc. effective January 16, 2004 and requests to modify its tariff and rules and regulations for sewer service to reflect this name change.

In support of its filing, the Utility has submitted a Certificate of Assumed Business Name filed with the Indiana Secretary of State's office. The Utility states it will notify its customers with billing inserts and that this name change will in no way affect the service provided to its customers.

The sewer tariff sheets affected by this filing are Pages 1 through 5 of 5.

The sewer rules sheets affected by this filing are Pages 1 through 34 of 34.

3. Consumers Indiana Water Company (Water)

Consumers Indiana Water Company is operating under the assumed name of Aqua Indiana, Inc. effective January 16, 2004 and requests to modify its tariff and rules and regulations for water service to reflect this name change.

In support of its filing, the Utility has submitted a Certificate of Assumed Business Name filed with the Indiana Secretary of State's office. The Utility states it will notify its customers with billing inserts and that this name change will in no way affect the service provided to its customers.

The water tariff sheets affected by this filing are Pages 1 through 7 of 7.

The water rules sheets affected by this filing are Pages 1 through 40 of 40.

4. Utility Center, Inc. (Sewer)

Utility Center, Inc. is operating under the assumed name of Aqua Indiana, Inc. effective January 16, 2004 and requests to modify its tariff and rules and regulations for sewer service to reflect this name change as well as updated language in its rules to coincide with current operating practices and Commission rules.

In support of its filing, the Utility has submitted a Certificate of Assumed Business Name that was filed with the Indiana Secretary of State's office and the Allen County Recorder's office. The Utility states it will notify its customers with billing inserts and that this name change will in no way affect the service provided to its customers.

The tariff sheets affected by this filing are Pages 1 through 4 of 4.

The rules sheets affected by this filing are Pages 1 through 27 of 27.

5. Utility Center, Inc. (Water)

Utility Center, Inc. is operating under the assumed name of Aqua Indiana, Inc. effective January 16, 2004 and requests to modify its tariff and rules and regulations for water service to reflect this name change as well as updated language in its rules to coincide with current operating practices and Commission rules.

In support of its filing, the Utility has submitted a Certificate of Assumed Business Name that was filed with the Indiana Secretary of State's office and the Allen County Recorder's office. The Utility states it will notify its customers with billing inserts and that this name change will in no way affect the service provided to its customers.

The water tariff sheets affected by this filing are Pages 1 through 5 of 5.

The water rules sheets affected by this filing are Pages 1 through 24 of 24.

6. Verizon North, Inc.

The utility proposes to modify its FlexGrow® Trunk Service offering in I.U.R.C. Tariff No.T-2. FlexGrow® Trunk Service is an intraexchange, multifunctional, digital service which provides network access between a customer's premises and the local serving office, on a channelized basis (DS0), within a single high capacity (DS1) digital facility. Two configurations are currently offered. Option 1 service is provided by equipment at the telephone company's Central Office and Option 2 service is provided by equipment at the customer's premises.

The utility proposes to add two optional connection speeds, 512 and 768 kilobits per second (Kbps), to the Dedicated Access service component for Options 1 and 2. The utility also proposes to introduce an option to order Direct Inward Dialing ("DID") in groups or blocks of 25 numbers for both Options 1 and 2. Currently, DID is available only in 100 number blocks.

The utility proposes to eliminate the non-recurring Line Connection Charges for FlexGrow® Trunk Service and to apply a "per order" non-recurring charge of \$ 150 for moves, additions, or changes ordered at the same time.

Reductions are proposed to the monthly recurring charges depending on the term of the agreement and the type of services activated.

The utility proposes the following rates:

<u>New Services</u>	<u>Monthly Recurring Charges</u>	
Dedicated Access		
512 Kbps	Option 1	\$ 30.00
	Option 2	\$ 45.00
768 Kbps	Option 1	\$ 35.00
	Option 2	\$ 50.00
DID Number Blocks of 25 For Options 1 and 2		\$ 10.00
<u>Modified Rates for Existing Service</u>	<u>Old</u>	<u>New</u>
	<u>Monthly Recurring Charges</u>	
12 month DS1 Capacity,		
Per DS1 – Option 1	\$245.00	\$225.00
Per DS1 – Option 2	\$330.00	\$300.00
36 month DS1 Capacity,		
Per DS1 - Option 1	\$200.00	\$180.00
Per DS1 – Option 2	\$300.00	\$275.00
60 month DS1 Capacity		
Per DS1 – Option 2 Only	\$275.00	\$260.00
Digital Data Service		
Option 1 2.4 to 64 Kbps	\$ 5.00	\$ 3.00
Option 2 2.4 to 64 Kbps	\$ 20.00	\$ 3.00
Dedicated Access		
Option 1 56/64 Kbps	\$ 5.00	\$ 3.00
Option 2 56/64 Kbps	\$ 20.00	\$ 3.00

Non-recurring charges do not apply to the services listed above.

The utility estimates that net revenues for the first year of service increase by \$2,200 based on more customers subscribing to the services at lower rates. Cost support was reviewed by staff.

The tariff pages affected by this filing are:

I.U.R.C. Tariff No. T-2, Section 10, Sheets 159, 160, 161, 162.

7. Verizon North Inc.

The utility proposes to make several changes to its Integrated Services Digital Network (ISDN) Primary Rate Interface (PRI) services. The utility proposes to remove the ISDN PRI Out of Calling Scope service rate, discontinue fractional DS1 ISDN, and to modify ISDN PRI to permit use of alternative high capacity digital facilities. The utility proposes to add four new Term and Volume Plans and two new Optional PRI features.

Out of Calling Scope (OOCs) service permits customers to subscribe to ISDN PRI service from a distant central office exchange, known as Foreign Exchange (FX), instead of the central office exchange that normally provides local service. The utility proposes to standardize this service by eliminating the OOCs service rate and charging the lesser rate for standard ISDN PRI service and the Foreign Exchange rate currently listed in the utility's tariff.

The utility proposes to remove the fractional DS1 ISDN feature.

The utility proposes to permit ISDN PRI customers to utilize compatible, alternative high capacity digital facilities, including fiber rings, in lieu of subscribing to the standard ISDN PRI facility.

The utility proposes to introduce four new Term and Volume Plans (TVP). The TVP are named Flat Rate with DS1 Facility, Flat Rate without DS1 facility, Measured Rate with DS1 facility and Measured Rate without DS1 facility. Each TVP has the choice of three packages. The three packages are based on the volume of PRIs ordered. These plans will be available on a two- or three-year term commitment basis. Non-recurring charges do not apply to the initial installation of a TVP.

The utility proposes to introduce two new optional features. The first new optional feature is Calling Line Identification with Name. Calling Line Identification with Name allows the network to pass the caller's name and line number identification. Calling Line Identification with Name is available on a month-to-month basis or on a 1-, 2-, 3-, or 5-year term commitment basis. Non-recurring charges will not apply for Calling Line Identification with Name service if ordered with the initial ISDN PRI installation. The second new optional feature is Tie Channel Service. Tie Channel Service provides intercom capability between ISDN PRI arrangements and CentraNet systems within the same customer network.

The following rates are proposed:

<u>Term and Volume Plan</u>	<u>2-Year Term*</u> <u>Commitment</u>	<u>3-Year Term *</u> <u>Commitment</u>
Flat Rate with DS1 Facility		
Package 1 (1 to 10 PRIs)	\$ 830.00	\$ 780.00
Package 2 (11 to 20 PRIs)	\$ 780.00	\$ 760.00
Package 3 (21 + PRIs)	\$ 750.00	\$ 725.00
Flat Rate without DS1 Facility		
Package 1 (1 to 10 PRIs)	\$ 680.00	\$ 640.00
Package 2 (11 to 20 PRIs)	\$ 660.00	\$ 620.00
Package 3 (21 + PRIs)	\$ 635.00	\$ 605.00
Measured Rate with DS1 Facility		
Package 1 (1 to 10 PRIs)	\$ 560.00	\$ 500.00
Package 2 (11 to 20 PRIs)	\$ 520.00	\$ 475.00
Package 3 (21 + PRIs)	\$ 480.00	\$ 450.00
Measured Rate without DS1 Facility		
Package 1 (1 to 10 PRIs)	\$ 430.00	\$ 370.00
Package 2 (11 to 20 PRIs)	\$ 390.00	\$ 345.00
Package 3 (21 + PRIs)	\$ 350.00	\$ 320.00

*Non-recurring charges do not apply to the initial installation of a Term and Volume Plan.

<u>Optional features</u>	<u>Monthly Recurring</u> <u>Charge</u>	<u>Non-Recurring</u> <u>Charge</u>
Calling Line Identification with Name		
Month to Month	\$ 85.00	\$ 0.00
1-Year Term Commitment	\$ 75.00	\$ 0.00
2- or 3- Year Term Commitment	\$ 70.00	\$ 0.00
5- Year Term Commitment	\$ 65.00	\$ 0.00
Tie Channel	\$200.00	\$ 0.00

The utility anticipates first year revenue of \$179,749.00. Cost support has been reviewed by staff.

The tariff sheets affected by this filing are:

I.U.R.C. No. T-2, Section X, Sheets 157 – 158.1.

I.U.R.C. No. T-5, Section II, Sheets 14.2 & 15.

8. Wildwood Shores Utility Corporation

Wildwood Shores Utility Corporation is operating under the assumed name of Aqua Indiana, Inc. effective January 16, 2004 and requests to modify its tariff and rules and regulations to reflect this name change.

The Utility is also requesting approval to revise its tariffs and rules to move specific nonrecurring charges from its rules to its tariff and update language for state agency name changes. In addition, the Utility is requesting to include a late payment penalty fee consistent with 170 IAC 8.5-2-1, but allowing for 21 days after mailing for a bill to become delinquent, in lieu of 17 days:

A sewage disposal bill shall be rendered as a net bill. If the net bill is not paid within twenty-one (21) days after the bill is mailed, it shall become a delinquent bill and a late payment charge may be added in the amount of ten percent (10%) of the first three dollars (\$3.00) and three percent (3%) of the excess of three dollars (\$3.00).

In support of its filing, the Utility has submitted a Certificate of Assumed Business Name that was filed with the Indiana Secretary of State's office and the Clark County Recorder's office. The Utility states it will notify its customers with billing inserts and that this name change will in no way affect the service provided to its customers.

The tariff sheet affected by this filing is Page 1 of 1.

The rules sheets affected by this filing are Pages 1 through 10 of 10.

9. Wymberley Sanitary Works, Inc.

Wymberley Sanitary Works, Inc. is operating under the assumed name of Aqua Indiana, Inc. effective January 16, 2004 and requests to modify its tariff and rules and regulations to reflect this name change as well as updated language in its rules to coincide with the Commission's rules.

In support of its filing, the Utility has submitted a Certificate of Assumed Business Name with the Indiana Secretary of State's office and the Clark County Recorder's office. The Utility states it will notify its customers with billing inserts and that this name change will in no way affect the service provided to its customers.

The Utility's proposed language in its rate schedules and rules for a late payment penalty fee is consistent with 170 IAC 8.5-2-1 but allows for 21 days after mailing before a bill is considered delinquent, in lieu of 17 days:

A sewage disposal bill shall be rendered as a net bill. If the net bill is not paid within twenty-one (21) days after the bill is mailed, it shall become a delinquent bill and a late payment charge may be added in the amount of ten percent (10%) of the first three dollars (\$3.00) and three percent (3%) of the excess of three dollars (\$3.00).

The proposed language for deposits is consistent with 170 IAC 8.5-2-3.

The tariff sheets affected by this filing are Pages 1 and 2 of 2.

The rules sheets affected by this filing are Pages 1 through 4 of 4.

Jerry L. Webb
Director of Gas/Water/Sewer Division